

CommonWealth REIT
Form DEFA14A
April 22, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant X

Filed by a Party other than the Registrant O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
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CommonWealth REIT
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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On April 22, 2013, Commonwealth REIT (the Company), issued the following press release in connection with an investor presentation made available to the Company's shareholders (the Investor Presentation) on the Company's web site www.cwhreit.com in connection with the consent solicitation by Corvex Management LP and Related Fund Management, LLC. A copy of the Investor Presentation is also attached hereto.

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FOR IMMEDIATE RELEASE

Commonwealth REIT Makes Investor Presentation Available

Provides Additional Detail Regarding the Company's Strategic Plan; Cites Inaccurate Assertions and Questionable Track Records of Corvex/Related

Newton, MA (April 22, 2013): Commonwealth REIT (NYSE: CWH) today made available an investor presentation detailing the Company's strategic plan and responding to inaccurate assertions by Corvex Management LP (Corvex) and Related Fund Management, LLC (Related) and together with Corvex, Corvex/Related). The presentation is available on the Company's web site at www.cwhreit.com and will be filed with the Securities and Exchange Commission (SEC) later today.

The presentation includes information regarding CWH and its high-quality assets, as well as the Company's governance, fee structure, and strategy to continue creating value for shareholders. In particular, the presentation provides details of the Company's track record of success and the ongoing implementation of its strategic plan. Since 2008, CWH has been repositioning its portfolio by selling suburban office and industrial properties and re-investing proceeds into high quality urban, or central business district (CBD), office properties with strong long term growth prospects.

CWH is making progress in executing its strategic plan:

- Since January 1, 2008, CWH has increased its portfolio concentration of CBD office properties from approximately 29% (based on Q4 2007 wholly owned property level net operating income, or NOI) to approximately 56% (based on Q4 2012 NOI).

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- Acquired \$3.7 billion of primarily Class A CBD office properties, principally from distressed sellers.
- Sold \$1.5 billion of primarily suburban office properties for significant gains.
- The Company is currently marketing for sale 94 properties with low occupancy and negative cashflow.
- 18 of these 94 properties have been sold to date.

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- CWH has unlocked value for the Company by raising equity through carve-out IPOs for Government Properties Income Trust (NYSE: GOV) and Select Income REIT (NYSE: SIR) at higher multiples than issuing equity at CWH.
- Received \$650 million of combined proceeds from carve-out IPOs of GOV and SIR.
- Recently, CWH sold its remaining equity position in GOV for \$240.1 million, recognizing a gain of \$66.3 million.

The presentation filed today also points out the contradictions inherent in public statements made by Corvex/Related. Corvex/Related presented a conditional, unfinanced offer to purchase CWH for \$24.50/share while arguing that the true value of CWH is at or about \$44.00/share. Corvex/Related are now pursuing a consent solicitation to remove the entire CWH Board and have proposed a new CEO who presumably they will appoint if they can obtain control of the Company. The bottom line seems to be that they want to force a sale to themselves or to seize control of CWH before the benefits of CWH's business plan can be fully realized by all shareholders.

CWH also believes that Related and its affiliates have a history of managing public real estate companies for their private benefit. Specifically, Jeff Blau, the principal of Related and CEO of the Related Companies, previously served as Chairman, CEO and a Trustee of American Mortgage Acceptance Company (AMAC); during which time, AMAC funded loans to affiliates of the Related Companies which subsequently defaulted and became worthless. Shortly thereafter, AMAC ceased operations and filed for bankruptcy. Additionally, Mr. Blau and Stephen Ross, the Chairman of the Related Companies, served as Managing Trustees on the board of Centerline Holding Company (f/k/a Charter Municipal Mortgage Acceptance Company, or CharterMac); during which time, Centerline/CharterMac provided financing directly and indirectly to affiliates of the Related Companies. During Jeff Blau's and Stephen Ross's combined tenure on the Centerline/CharterMac board between 2003 and 2009, the total returns realized by public shareholders were a loss of 97.7%.

Corvex has limited real estate industry experience, but its principal's history of controlling a publicly owned real estate company also raises concerns. Corvex's Managing Partner, Keith Meister, and his former employer first made a tender offer for WCI Communities, Inc., which they later withdrew. Then, Mr. Meister was elected to the board of WCI in 2007 following a proxy contest; and within about one year of his joining the WCI board, WCI was forced into bankruptcy and essentially all WCI shareholder value was lost.

Commonwealth REIT is a real estate investment trust, or REIT, which primarily owns office properties located throughout the United States. CWH is headquartered in Newton, MA.

Corvex/Related are soliciting consents to remove the entire CWH Board. No record date has been set to determine which shareholders may be entitled to participate in the consent solicitation. Corvex/Related have commenced litigation which may determine if they are eligible to solicit such consents, but no court or arbitration panel has ruled that Corvex/Related are eligible to seek such consents. Shareholders who may receive consent materials from Corvex/Related are urged to take no action. If and when it becomes appropriate to do so, CWH will distribute a consent revocation statement disclosing facts relevant to those matters.

WARNING REGARDING FORWARD LOOKING STATEMENTS

THIS PRESS RELEASE CONTAINS FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND OTHER SECURITIES LAWS. THESE FORWARD LOOKING STATEMENTS ARE BASED UPON CWH'S CURRENT EXPECTATIONS BUT THEY ARE NOT GUARANTEED TO OCCUR AND MAY NOT OCCUR FOR VARIOUS REASONS, INCLUDING SOME REASONS BEYOND CWH'S CONTROL. FOR EXAMPLE:

- THIS PRESS RELEASE DESCRIBES CWH'S CURRENT BUSINESS PLAN TO FOCUS UPON OWNING HIGH QUALITY CBD OFFICE PROPERTIES AND STATES THAT THE POSITIVE RESULTS OF THIS PLAN ARE BEING REALIZED. THE IMPLICATION OF THESE STATEMENTS IS THAT CWH MAY SUCCESSFULLY COMPLETE ITS BUSINESS PLAN AND, AS A RESULT, CWH AND CWH SHAREHOLDERS WILL REALIZE INCREASING VALUE. MANY ELEMENTS OF CWH'S BUSINESS PLAN REQUIRE THE PARTICIPATION OF THIRD PARTIES WHO ARE BEYOND CWH'S CONTROL: DIVESTING NON-CORE PROPERTIES AND OTHER ASSETS REQUIRES FINDING BUYERS FOR THESE PROPERTIES AND ASSETS AT ACCEPTABLE PRICES; CONCENTRATING INVESTMENTS IN CBD OFFICE PROPERTIES MAY REQUIRE THAT CWH LOCATE ADDITIONAL

CBD OFFICE PROPERTIES WHICH ARE AVAILABLE FOR SALE AT REASONABLE PRICES; ETC. ALSO, MARKET CONDITIONS BEYOND CWH CONTROL AND UNRELATED TO CWH S ACTIVITIES MAY ADVERSELY AFFECT THE VALUE CWH AND ITS SHAREHOLDERS MAY REALIZE IN THE FUTURE. THE DECISION OF CWH S BOARD TO CONTINUE ITS BUSINESS PLAN IS BASED UPON THE BUSINESS JUDGMENT OF CWH S BOARD, BUT BUSINESS JUDGMENTS MAY BE MISTAKEN.

- THIS PRESS RELEASE STATES THAT NO RECORD DATE HAS BEEN SET TO DETERMINE WHICH SHAREHOLDERS ARE ENTITLED TO PARTICIPATE IN THE CONSENT SOLICITATION BY CORVEX/RELATED AND THAT NO COURT OR ARBITRATION PANEL HAS RULED THAT CORVEX/RELATED ARE ELIGIBLE TO SEEK SUCH CONSENTS. THE IMPLICATION OF THESE STATEMENTS IS THAT THE CONSENTS BEING SOLICITED BY CORVEX/RELATED WILL HAVE NO VALIDITY OR EFFECT. HOWEVER, CORVEX/RELATED HAVE STATED THAT THEY BELIEVE THE RECORD DATE FOR THEIR CONSENT SOLICITATION IS THE CLOSE OF BUSINESS ON MONDAY, APRIL 22, 2013, AND THEY HAVE COMMENCED LITIGATION IN THE CIRCUIT COURT FOR BALTIMORE CITY WHICH QUESTIONS THE VALIDITY OF CERTAIN PROVISIONS OF CWH S BYLAWS WHICH PROVIDE THAT THE CWH BOARD OF TRUSTEES SHALL SET THE RECORD DATE FOR A CONSENT SOLICITATION WITHIN 30 DAYS AFTER THE BOARD RECEIVES A VALID REQUEST FOR A RECORD DATE. THE RESULTS OF LITIGATION ARE DIFFICULT TO PREDICT AND CWH CANNOT GUARANTEE THAT ITS LEGAL CONCLUSIONS REGARDING THE ABSENCE OF A RECORD DATE AT THIS TIME WILL BE UPHOLD OR WHAT THE RESULTS OF THE PENDING LITIGATION MAY BE.

FOR THESE REASONS, AMONG OTHERS, INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS IN THIS PRESS RELEASE. EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW, CWH DOES NOT INTEND TO UPDATE THE FORWARD LOOKING STATEMENTS IN THIS PRESS RELEASE AS A RESULT OF NEW INFORMATION WHICH MAY COME TO ITS ATTENTION.

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The Company, its Trustees and certain of its executive officers and Reit Management & Research LLC and certain of its directors, officers and employees may be deemed to be participants in the solicitation of consent revocations from shareholders in connection with the consent solicitation being conducted by Corvex/Related and certain of their affiliates. On April 1, 2013, the Company filed a revised preliminary consent revocation statement with the SEC in response to the consent solicitation. The Company will furnish a definitive consent revocation statement to its shareholders, together with a BLUE consent revocation card, when they become available. **SHAREHOLDERS ARE URGED TO READ THE CONSENT REVOCATION STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT THE COMPANY WILL FILE WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** Additional information regarding the identity of these potential participants and their direct or indirect interests, by share holdings or otherwise, is set forth in the revised preliminary consent revocation statement filed with the SEC and other materials to be filed with the SEC in connection with the Consent Solicitation.

Shareholders will be able to obtain, free of charge, copies of the consent revocation statement and any other documents to be filed by the Company with the SEC in at the SEC's website (<http://www.sec.gov>), at the Company's website (<http://www.cwhreit.com>) or by requesting materials from the firm assisting the Company in the solicitation of consent revocations, Innisfree M&A Incorporated, toll-free at 877-750-5836.

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